

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1523 - SB 1609**

March 26, 2011

**SUMMARY OF BILL:** Requires any private entity seeking tax credits or state funding as incentives to establish operations in Tennessee to provide its employees with defined benefit and health insurance plans.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Exceeds \$100,000**  
**Increase State Expenditures – \$10,000/One-Time**

**Assumptions:**

- Applies to all contracts entered into between the state and private entities, including but not limited to, public contracts, economic development agreements, and funding received pursuant to current law.
- Excludes contracts that were in effect on June 30, 2011.
- “Defined benefit plan” means a benefit plan set up to provide a predetermined retirement benefit to employees or their beneficiaries, either in the form of a certain dollar amount or a specific percentage of compensation.
- Economic and Community Development grants withheld from companies for failure to comply with the provisions of this act would be awarded to other companies willing to comply.
- The Department of Revenue (DOR) will require new forms and audit procedures to monitor the taxpayers’ compliance with the provisions of this bill. One-time expenditures for forms and software tracking programs will be \$10,000.
- The direct impact upon state tax collections is dependent upon several unknown factors. The amount of federal income serving as the basis for calculation of the state franchise and excise tax liability will be reduced relative to current law as the employee benefits will be deducted from federal taxable income. Based on information provided by DOR, the recurring decrease in state revenue is reasonably estimated to exceed \$100,000.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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